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Factors Affecting Growth of Farmers Mutual Fire Insurance Association of North Carolina

by French M. Hyre

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Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies, confers and advises with officials of farmer cooperatives, and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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SUMMARY AND SUGGESTIONS

*This report points out three factors that have had a noticeable effect on the growth rate of the Farmers Mutual Fire Insurance Association of North Carolina, Raleigh, and its various branches. Successful operation was closely associated with: (1) Writing "maximum risks" of at least $10,000, (2) providing windstorm coverage, and (3) operating with an assessment rate that is less than 50 cents per $100 for the best type of farm dwelling.

*A classified rating plan will help a company to reduce the rate on better type dwellings. The report suggests the use of reinsurance, if obtainable, to permit writing higher coverages and to reduce the hazard of offering windstorm coverage.

*Three branches of the Farmers Mutual Fire Insurance Association have purchased reinsurance contracts from professional reinsurance companies. Several others are large enough and strong enough financially to do so. This, no doubt, would strengthen and stabilize their programs.

*Several of the smaller branches have not been able to buy reinsurance from professional reinsurers -- and may never be able to -- because of size, financial condition, or other factors. This is the basic problem facing the Farmers Mutual Fire Insurance Association today. It may suggest the need for some consolidations or mergers among these small branches.

*If these smaller branches are to have the benefits of reinsurance, it may have to be provided by the association itself. It may or may not be able to arrange for a contract from a professional reinsurer that would cover all of its branches under the same contract. However, that possibility might be worth looking into.

*If this type of contract cannot be arranged, the only other method of providing reinsurance for the smaller branches would be organizing a mutual reinsurance company owned and used by all the branches. This probably could be handled through the State association office. It might require new legislation to authorize this type of activity. Maybe a revision in the State association's charter authorizing it to handle the reinsurance program would be sufficient. This is not something that could be done immediately but might well be a longtime objective of the association.

*The Farmers Mutual Fire Insurance Association of North Carolina could be strengthened if some of the larger and more successful branches would voluntarily provide guidance and technical assistance to the smaller branches whose volume is small. Increased volume by the smaller branches would add strength and prestige to the organization as a whole. As the first move in this direction, the smaller branches may wish to request such assistance from larger branches.

FACTORS AFFECTING GROWTH OF FARMERS MUTUAL FIRE INSURANCE ASSOCIATION OF NORTH CAROLINA

By French M. Hyre [1]
Farm Services Branch
Purchasing Division

This report examines the operating practices of the Farmers Mutual Fire Insurance Association of North Carolina, Raleigh, and suggests reasons why some of the branches of this organization have been growing more rapidly than others in recent years.

Its purpose is to provide information that will help farmers' mutual fire insurance companies in North Carolina continue to meet the insurance needs of farmers as farms become larger and more highly commercialized. Findings, however, will also apply to a large number of mutual fire insurance companies in other States confronted with similar problems.

Data for this study were collected in part by personal consultations with officials of 14 branches and in part from information made available by the State association.

ORGANIZATION FEATURES

This section considers incorporation, number and location of branches, and legal status of branches. Attention is now given to each of these.

Incorporation

The Farmers Mutual Fire Insurance Association of North Carolina was organized in 1893 under a special act of the North Carolina legislature and has been operated continuously since that date. Headquarters are maintained at Raleigh, N. C. Its secretary-treasurer serves as executive officer in charge.

The State association charters its county branches and provides overall guidelines for their operations. Over the 67 years of its operation the association has been able to provide fire insurance, and in some cases windstorm insurance, for its members at a very reasonable cost.

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[1] The author gratefully acknowledges the many helpful suggestions received from Ralph R. Botts, Agricultural Finance Branch, Farm Economics Division, Economic Research Service, U. S. Department of Agriculture.

Number and Location of Branches

As of January 1, 1961, 19 branches were operating in 25 counties (figure 1). With the date each began business indicated in parentheses, these are: Catawba and Burke Counties Branch (1896); Cleveland County Branch (1893); Forsyth and Stokes Counties Branch (1907); Granville County Branch (1898); Greene County Branch (1899); Guilford County Branch (1901); Iredell, Alexander, and Davie Counties Branch (1905); Lenoir County Branch (1901); Lincoln County Branch (1895); Martin County Branch (1897); Northampton, Hertford, and Bertie Counties Branch (1896); Orange County Branch (1893); Person County Branch (1936); Pitt County Branch (1895); Randolph County Branch (1896); Rockingham County Branch (1922); Vance County Branch (1901); Wake County Branch (1893); and Warren County Branch (1917).

As will be noted from the preceding paragraph, two of the branches operate in two counties each, and two operate in three counties each. This resulted from mergers and consolidations that have occurred from time to time. Originally, each of these counties had its own branch.

Legal Status of Branches

Legally, each branch is a part of the State association and derives its legal status from the certificate of incorporation and the bylaws of the State association. Separate and apart from the State association, it has no corporate legal existence. The branches are not separately incorporated.

OPERATION

Essential features in the operations of both the State association and its branches are considered in the following sections.

State Association

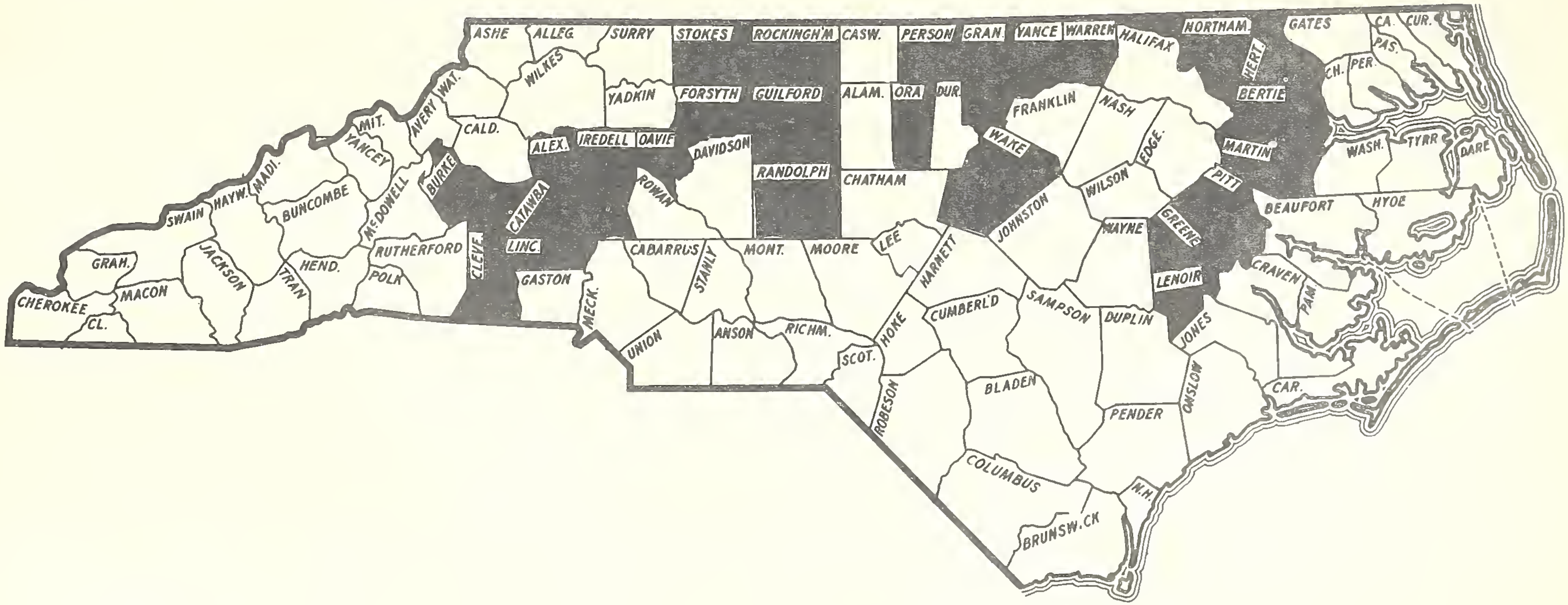
Overall direction and guidance of the State association are provided by a board of directors and its duly elected officers. The board is composed of one member from each branch elected by the policyholders of that branch.

The board meets once each year and at such other times as the officers call it into session. The board elects its own officers and an executive committee which may act for the board when it is not in session.

All business of the association is transacted through branches. The bylaws of the State association specify the manner or conditions under which branches may be established. The certificate of incorporation and the bylaws of the State association provide a legal framework and overall guidelines within which the branches operate.

Figure 1

Farmers Mutual Fire Insurance Association of North Carolina - Location of Counties Served, 1960



Any county with 100 or more members may organize a branch for the purpose of insuring farm and rural property against damage or destruction by fire or lightning. Under certain specified conditions a branch also may write windstorm insurance or extended coverage. Branches are authorized by the bylaws to write insurance up to 75 percent of the value of the property insured but not in excess of the amount. Branches are authorized to levy an assessment against policyholders in such amount as is necessary to cover losses and expenses.

Within these broad guidelines the various branches operate with a considerable amount of self-government and economic independence, with each branch collecting its own assessment and paying its own losses.

The organization was set up in this manner so that the policyholders in one county or branch would not be responsible for the losses incurred in another county or branch. It was thought that this type of organization would bring the association closer to the policyholders and provide an incentive to hold losses and expenses to a minimum.

The State association in actual practice acts as a purchasing agent, providing policy forms and other office supplies needed by the local branches. It also carries on a certain amount of education and legislative work for the benefit of the branches.

As a whole, the association's growth has been steady and continuous. Insurance in force at the end of 1960 amounted to $145,229,180 -- highest in the association's history (figure 2). Declining volume at a few branches in recent years has been more than counterbalanced by gains in other branches.

Branches

Although not separately incorporated, the various branches are allowed to operate, to a large degree, as separate economic units. For example, each branch is owned by its own policyholders. Its own borad of directors and officers, elected at the branch's annual meeting, manage it. Each branch establishes its own eligibility requirements, determines the amount and the type of insurance it will write on any risk, sets its own assessment rates, settles its own losses, keeps its own books, and establishes it own reserves. Each branch is responsible for its own debts but not the debts of any other branch.

INSURANCE COVERAGE

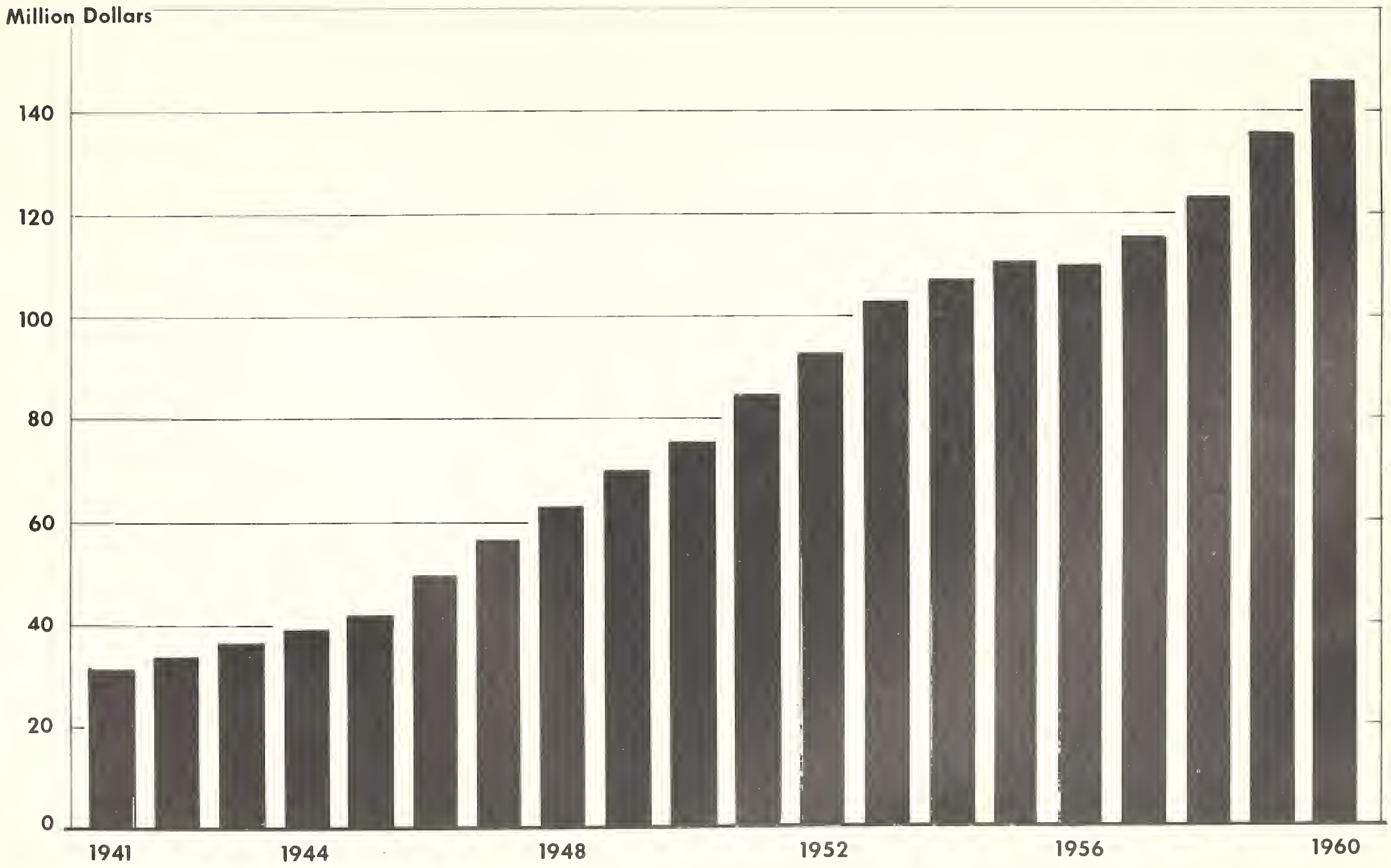
In this report insurance coverage is considered from the standpoint of types of property insured and kind of insurance coverage written.

Types of Property Insured

The Farmers Mutual Fire Insurance Association and all its branches largely confine their insurance coverage to farm and rural property.

Figure 2

Farmers Mutual Fire Insurance Association of North Carolina - Insurance in Force by Years, 1941 to 1960



On the farm, property insured usually includes dwellings, barns, outbuildings, household furniture, farm machinery and equipment, and stored crops. Household furniture, when insured, is usually covered as dwelling contents. Farm machinery, when insured, is usually covered as barn contents. Some branches insure tobacco barns and brooder houses; others do not.

Rural churches and community buildings are insured by most of the branches. Country stores and filling stations ordinarily are insured if they are located on a farm where other buildings are insured.

Kinds of Insurance Coverage Written

The association is, of course, primarily concerned with damage and destruction by fire. From the beginning this has been the basic coverage written by all branches. Since lightning striking buildings and other burnable property frequently results in fire, this hazard is also covered in this fire insurance policy. About one-half of the branches also write windstorm insurance, or "extended coverage," that includes windstorm as a major item.

Coverage against damage and destruction by windstorm is included in the policy by 10 of the 19 branches. When such windstorm insurance is written it is automatically included in the policy along with the fire and lightning insurance. It is not sold as a separate coverage to be added or not added as each policyholder chooses. Even if it were sold as a separate coverage, it is doubtful that many policyholders would choose not to take it because windstorm insurance is a popular coverage in North Carolina.

Six of the 10 branches provide windstorm insurance under extended coverage, which includes windstorm, hail, explosion, riot, aircraft, vehicle, and smoke. The other four branches include only windstorm with the fire and lightning minimum.

FACTORS AFFECTING GROWTH

Although the Farmers Mutual Fire Insurance Association as a whole has continued to grow in volume, membership, and service to farmers, not all of the branches have participated in this growth -- particularly during recent years.

Since 1954 some of the branches had gained very little and others actually had lost volume and membership. This, in a period when farmers as well as other types of policyholders were buying more insurance rather than less, indicated that a few of the branches were encountering some rather serious problems.

From a study of this situation, it appears those branches that have been able to provide their policyholders with the kinds of coverage and the amount of insurance they need have had little trouble in maintaining or increasing volume. Those not able to meet the current needs of members have either lost volume or shown very little growth in recent years.

Four factors stand out rather clearly as having a decided effect on the growth rate on the various branches. These are:

1. Ability or willingness of a branch to provide enough insurance by writing a policy large enough to cover the insurable value of most of the farm buildings and rural dwellings in its area.

2. Availability of windstorm insurance, either as a straight windstorm coverage or as a part of an extended coverage endorsement.

3. A combined loss and expense experience low enough to permit a branch to operate on an assessment rate below 50 cents per $100 on the better type dwelling.

4. Development of an educational program to acquaint prospective members with the services available.

These four factors and the effect they have on growth will be discussed in the following paragraphs. The combined effect of providing increased coverage, making windstorm insurance available, and a competitive rate is also considered.

Providing Enough Insurance

Unless a farmers' mutual can provide enough insurance to meet farmers' current needs, it cannot hope to gain new members or even hold its old members.

The problem for most mutuals today is not how much total insurance they can write -- but how much they can write on one building. This is determined for each company by its own self-imposed so called "maximum risk" -- that is, a maximum amount of insurance it will write on any single risk which often is one building and its contents, regardless of its appraised value.

Fixing a maximum risk is a good insurance practice and one that substantially all farmers' mutual fire insurance companies use. However, unless the maximum or ceiling on the amount of insurance for a single risk is set high enough to cover the insurance needs of the most expensive building on the farm and its contents, it will handicap a company in serving its members and may cause many of the larger and more prosperous farmers in the area to look elsewhere for their insurance. At the same time a maximum risk must not be so large that two or three complete losses would impair the financial standing of the company.

The size of the company, in terms of the amount of insurance in force and accumulated surplus of reserves, will have a bearing on the size of the maximum risk that can be written with safety. A relatively large company and one with a substantial accumulation of reserves can use a much larger maximum risk than can a relatively smaller company or one with little or no reserves. Reinsurance can be used to enlarge a company's maximum risk.

During the past two decades, the value of farm buildings and other property in North Carolina has been rising, and farmers there have been buying larger and larger insurance policies to adequately cover these values. To meet these needs for more insurance per single risk, all the branches of the Farmers Mutual Fire Insurance Association have found it necessary to step up the size of their maximum risks from time to time.

This is illustrated in table 1 which shows how the Guilford County Branch increased its maximum acceptance during the years of 1933 to 1958.

Table 1. - Trends in the maximum risk coverage provided by Guilford County Branch

Year	Maximum single risk		
	Building	Contents	Total
1958	$15,000	$3,000	$18,000
1953	10,000	2,000	12,000
1949	7,500	2,000	9,500
1946	5,000	2,000	7,000
1942	3,500	1,000	4,500
1936	3,000	800	3,800
1933	2,500	500	3,000

This branch, in its maximum risk, has kept pace with -- or a little ahead of changing farm values -- and as a result has long been one of the largest branches of the association.

The maximum risk accepted by each of the 19 branches and its effect on volume (the amount of insurance in force) are shown in table 2. These maximums range from a low of $1,500 to a high of $35,000.

Table 3 shows that six of the branches now can write a single policy of $20,000 or more. Average volume for these six branches increased 69 percent from 1954 to 1960, ranging from 25 percent to 108 percent for individual branches. Three of the branches in this group were using reinsurance as a means of enlarging the maximum risk. This is a good practice.

Table 2. - Effect of maximum risk on growth volume, 1954 to 1960, by branches

Branch number	Maximum risk	Increase or decrease in volume 1954 to 1960
		Percent
1	$35,000	70.6
2	30,000	108.0
3	30,000	60.4
4	24,000	25.0
5	24,000	36.7
6	20,000	64.2
7	18,000	32.1
8	12,000	16.1
9	10,000	92.4
10	10,000	51.0
11	8,000	12.8
12	7,500	-15.2
13	6,000	43.9
14	5,000	-41.5
15	5,000	-24.5
16	5,000	-59.6
17	4,500	- 6.0
18	4,000	-26.0
19	1,500	-23.0

Table 3. - Effect of maximum risk on growth in volume, 1954 to 1960, with branches classified by size

Maximum risk	Number of branches	Average volume	Volume increase or decrease 1954 to 1960
			Percent
$5,000 and under	6	$1,560,000	-18.2
6,000 to 19,000	7	9,108,000	17.9
20,000 and above	6	15,288,000	69.0

Seven of the branches have policy maximums of $6,000 to $19,000. For this group the growth in average volume during the past 6 years amounted to almost 18 percent. The range in this group was from a minus 15 percent to a high of 92 percent.

The six branches that limited policy size to $5,000 or less had decreases in average volume amounting to 18 percent, ranging from minus 6 percent to minus 59 percent.

Availability of Windstorm Coverage

Especially since 1955 when a hurricane did considerable damage to farm buildings and other property in North Carolina, farmers in that State have been windstorm conscious. This shows up in the increase or decrease in the trends in amount of insurance written by the various branches during the years 1954 to 1960.

Table 4 shows that volume for the 10 branches including windstorm coverage in their policies increased 52 percent during the past 6 years.

During the same years volume for the nine branches not including a windstorm coverage in their policies declined 20 percent and all but two of these branches reported a reduction in the amount of insurance in force.

These data show the need for windstorm insurance and its effect of volume. However, they should not be interpreted as meaning that windstorm is a safe coverage for a county mutual to write, particularly the smaller ones. So far, windstorm losses for most of the branches on this coverage have been reasonably light. However, one or two have had losses that were heavy.

A Favorable Rate and Rating Structure

Assessment rates of the branches of the Farmers Mutual Fire Insurance Association of North Carolina ranged from 30 cents to 55 cents per $100 of insurance. This too has had an effect on the rate of growth in volume.

Table 5 shows that six branches had a rate under 40 cents. The volume for this group increased 57 percent from 1954 to 1960. Four branches had a rate of 40 to 49 cents. The volume of this group increased 38 percent. Nine branches had a rate of 50 cents or more. The volume for this group declined 2.4 percent from 1954 to 1960. All but three branches in this group reported a decline in volume. These were the rates on better type farm dwellings for branches that classify risk and for all farm property for those that do not classify their risks.

Table 4. - Effect of windstorm coverage on volume, 1954 to 1960, by branches

Branch class and number	Amount of insurance in force		
	1954	1960	Increase or decrease 1954 to 1960
	Thousands		Percent
Writing windstorm			
7	$17,910	$ 23,664	32.1
2	11,178	23,247	108.0
6	9,038	14,842	64.2
3	8,268	13,262	60.4
1	7,881	13,446	70.6
4	8,861	11,079	25.0
11	8,578	9,672	12.8
13	4,206	6,053	43.9
5	4,412	6,032	36.7
9	2,463	4,739	92.4
Total	$82,813	$126,056	52.2
Not writing windstorm			
12	$ 8,671	$ 7,357	-15.2
8	4,324	5,019	16.1
16	5,100	2,059	-59.6
14	2,724	1,594	-41.5
10	868	1,311	51.0
15	1,076	-812	-24.5
18	626	-463	-26.0
17	460	432	- 6.1
19	191	147	-23.0
Total	$24,040	$ 19,194	-20.2

Table 5. - Effect of assessment rate on volume, 1954 to 1960, by branches

Assessment rate per $100 and branch number	Amount of insurance in force 1954	1960	Increase or decrease
	Thousands		Percent
Under 40¢			
10	$ 868	$ 1,311	51.0
4	8,861	11,079	25.0
7	17,910	23,664	32.1
6	9,038	14,842	64.2
2	11,178	23,247	108.0
9	2,463	4,739	92.4
Total	$50,318	$78,882	56.8
40¢ to 49¢			
11	$ 8,578	$ 9,672	12.8
1	7,881	13,446	70.6
3	8,268	13,262	60.4
14	2,724	1,594	-41.5
Total	$27,451	$37,974	38.3
50¢ and over			
19	$ 191	$ 147	-23.0
5	4,412	6,032	36.7
8	4,324	5,019	16.1
17	460	432	- 6.1
12	8,671	7,357	-15.2
18	626	463	-26.0
16	5,100	2,059	-59.6
15	1,076	812	-24.5
13	4,206	6,053	43.9
Total	$29,066	$28,374	- 2.4

The problem here is one of competition for the better class of farm property. One way of meeting this competition is through the use of a rating (or classification) plan that sets the rate on well constructed dwellings with approved roofs below that on poorer types of dwellings, barns, and other outbuildings.

Most of the branches of the association charge the same rate on all farm property regardless of fire restrictive features, or the lack of them. This is a practice of long standing among farmers' mutual fire insurance companies and many the country over still use it. The principle argument for a uniform rate is that it simplifies bookkeeping and the work in preparing application forms and in explaining to an applicant what his assessment cost will be, or how it is calculated.

The principal arguments against a uniform rate are:

1. It may be inequitable.

2. It may result in a company's losing some of its more desirable risks to competing companies that classify risks.

In most parts of the country, barns have shown much higher loss rates than dwellings. For all types of buildings, such fire restrictive features as brick or stone walls and noncombustible roofs affect loss rates. Also such features as the presence or absence of central heating, lightning rods, whether chimneys are hung on brackets or built from the ground up, and the availability of an organized fire department may result in fewer losses.

Thus it may be plausibly argued, and sometimes is, that a uniform assessment rate results in some property owners paying more than their fair share of the losses and some property owners paying less than their fair share. This is particularly true if a farmer is permitted to selectively insure his buildings.

The other side of this argument, of course, is that in a small company where there is considerable uniformity in the types of risks insured, any benefit to be gained by classifying the risk might not be worth the extra work involved in doing it.

A reason for a classified rate is that it puts a company in a better competitive position to hold its good risks.

When a company begins to lose its most desirable risks -- but not its poorer risks -- to competition, it may be a sign that its own rates are too high on the best type of buildings and too low in the poorer types of buildings. In such cases a farm mutual may be forced to classify its rates in order to avoid being left with only the less desirable risks in its territory. Once an all-one-rate mutual begins to lose its more desirable risks, it naturally follows that its cost of insurance rises, further weakening its ability to meet competition. By classifying its risks, a company is able to put a lower assessment rate on the better types of property that it wants to hold.

Development of a Reinsurance Program

The foregoing data show that farmers' mutual fire insurance companies that are able to write relatively large policies and to include coverage against windstorm damage are in the best position to serve their members.

This, of course, raises a question as to how far a small farm mutual operating in a singe county can go on (1) increasing its maximum acceptance on a single risk and (2) including hazardous coverages, such as windstorm, without jeopardizing the financial soundness of the company. A sound plan of reinsurance is probably the best answer to this problem.

A company with adequate reinsurance is ordinarily in a better position to pay heavy losses wihout an extra assessment on its members. Thus, reinsurance adds financial stability and permits a company to write larger size policies than it otherwise could write.

There are several different types of reinsurance or methods by which a farm mutual may spread its risk or transfer a portion of its liability to other companies. Here, however, we are concerned with just three of of these: (1) Specific reinsurance, (2) aggregate excess loss, and (3) intercompany distribution.

Specific Reinsurance

As the term implies, specific reinsurance is reinsurance on a specific building. Three of the North Carolina branches use it to transfer a portion of their extremely large risks to professional reinsurance companies. This type of plan permits a company to transfer to another company that protion of any specific risk which is above the amount it wants to keep. Under a plan of this kind, losses are usually settled on a pro rata basis, with each company paying its pro rata share depending on the proportion of the total risk it carried.

Aggregate Excess Loss

Reinsurance that does not apply to specific risks but to aggregate losses for the year is known as aggregate excess loss. Under this plan of reinsurance, a company would bear all losses on its own until its normal losses -- based on past experience -- had been reached. Losses above normal aggregate losses would be paid by the reinsurer -- within the limits of the reinsurance contract.

Under its reinsurance contract, a protected company might elect a "loss budget" of, say, one or two times its expected losses. The step-in point for the reinsurance would be when the protected company's annual losses exceeded this loss budget. The reinsurer would pay all, or perhaps 90 percent, of aggregate annual losses which exceeded the loss budget -- up to a specified maximum.

The cost of this type of reinsurance is relatively low -- from 10 to 20 cents per $1,000 depending on the limits of coverage provided in the contract. Both the specific and the aggregate excess loss types of reinsurance may be purchased from professional reinsurance companies.

Intercompany Distribution

Several of the smaller branches have not been able to buy reinsurance from commercial reinsurers -- and may never be able to -- because of size, financial condition, or other factors. If these branches are to have the benefits of reinsurance, the State association or the branches as a group may have to provide it. This might be done in three ways: (1) Two or more branches might reinsure each other; (2) a central office, possibly the State association, might act as a redistributing agency and distribute the excess insurance of one branch among all the others; and (3) the branches might organize their own reinsurance company.

These various methods have been used by farmers' mutual fire insurance companies in other States.2/

Another suggestion made by at least two of the branches is to reorganize the Farmers Mutual Fire Insurance Association into one large centralized mutual insurance company writing insurance statewide. This, of course, would spread the risks over a wider area without the use of reinsurance.

Combined Effect of Increased Services

The combined effect of (1) windstorm coverage, (2) a high maximum risk, and (3) a low assessment rate is shown in table 6. This table shows that seven branches used all three of these factors in their operations, and for these branches average volume increased 58.9 percent during the past 6 years.

Three branches included only two of the above factors in their operations. For this group the increase in volume average 19.7 percent.

Four branches included one of the above factors. For this group the average increase in volume amounted to 13.9 percent.

There were five branches whose operations included none of the above factors. The average volume for this group declined 30.2 percent during the years 1954 to 1960.

2/ Botts, Ralph R. Farm Mutual Reinsurance. Agricultural Research Service, U. S. Dept. of Agr. Agr. Inf. Bul. No. 119. 1953.

Table 6. - Combined effect on branch volume of the following three factors: (1) Windstorm coverage, (2) maximum risk of $10,000, and (3) minimum rate below 50 cents per $100

Factor classification and branch number	Amount of insurance in force 1954	Amount of insurance in force 1960	Increase or decrease
	Thousands		Percent
Three factors			
7	$17,910	$ 23,664	32.1
2	11,178	23,247	108.0
6	9,038	14,842	64.2
3	8,268	13,262	60.4
1	7,881	13,446	70.6
4	8,861	11,079	25.0
9	2,463	4,739	92.4
Total	$65,599	$104,279	58.9
Two factors			
11	$ 8,578	$ 9,672	12.8
5	4,412	6,032	36.7
8	4,324	5,019	16.1
Total	$17,314	$ 20,723	19.7
One factor			
13	$ 4,206	$ 6,053	43.9
14	2,724	1,594	-41.5
10	868	1,311	51.0
19	191	147	-23.0
Total	$ 7,989	$ 9,105	13.9
No factors			
12	$ 8,671	$ 7,357	-15.2
16	5,100	2,059	-59.6
15	1,076	812	-24.5
18	626	463	-26.0
17	460	432	- 6.1
Total	$15,933	$ 11,123	-30.2

Educational Programs

Another factor that affects the volume of any insurance company is an educational program that will acquaint members and prospective members of the services that the company has to offer.

There are many ways of reaching the members with educational material. These include news stories in local papers, annual reports, annual meetings, letters, and personal contact. Local farmers who are serving as directors or supervisors can help inform local people about the insurance company and the services it has to offer.

With the proper guidance and direction from its board of directors the Farmers Mutual Fire Insurance Association of North Carolina can continue to grow and provide adequate insurance for its members at reasonable cost in the years ahead.